

City of Jacksonville

*117 W. Duval Street
Jacksonville, FL 32202*



Meeting Minutes

Tuesday, March 17, 2026

11:00 AM

**Council Chamber,
1st Floor, City Hall**

Duval DOGE Special Committee

*Council Member Ron Salem, Chair
Council Member Chris Miller, Vice Chair
Council Member Raul Arias
Council Member Mike Gay
Council Member Rory Diamond*

*Legislative Asst: Steven Libby
Council Research: Colleen Hampsey, Chief
Auditors: Kim Taylor and Brian Parks
OGC: Mary Staffopoulos*

I. Call to Order and Introductions

Attendance: Committee Members Salem (Chair), Arias, Diamond, Gay, and Miller; CM Boylan

Also: Brian Parks and Kim Taylor, Auditor's Office; Mary Staffopoulos, OGC; Steven Libby, Council Research

Meeting convened: 11:05 am

Call to Order and Introductions: Chair Salem convened the meeting and called for introductions.

II. Public Comment

John Nooney

III. Update on Telehealth – CM Diamond

CM Diamond explained that he is completing a final draft and will discuss it with Telescope Health before having it circulated to the other Council Members. He noted that he wants to wrap up the telehealth investigation so the committee can shift its attention to other matters.

IV. Update on the 2% Lapse – Council Auditor's Office

Kim Taylor, Council Auditor's Office, notified the committee that no departmental requests have been received. She noted that departments would likely wait until the last quarter and that they may be able to handle the lapse through vacancies. Ms. Taylor stated that she would reach out to the Budget Office and the Finance Director for clarification. Chair Salem asked Ms. Taylor how much was remaining from the 2% lapse. Ms. Taylor stated \$3.5 million. Chair Salem recommended that the committee examine future lapses in upcoming budgets.

V. City's Group Health Plan Review - The Bailey Group

Mark Bailey, President of the Bailey Group, introduced Madison Cofield, Senior Analyst, to present on medical repricing. Ms. Cofield gave an overview of the significance of medical repricing, explaining that they evaluated the financial impact of several ASO carriers and network arrangements to compare potential cost savings. Chair Salem confirmed that the study compares Florida Blue, the City's current provider, to other providers. Ms. Cofield explained the advantages and limitations of the two repricing methodologies used in the analysis: carrier reported data and the Innovu Network Check. She stated that they ran both methodologies hoping they would produce the same result, and they did. Ms. Cofield then clarified that the repricing results are meant to serve as a guide and not to predict future performance. Ms. Cofield presented the repricing results, which showed that the City's incumbent carrier had lower allowed costs and stronger negotiated provider discounts than the three alternative carriers evaluated.

Chair Salem asked whether the City could approach the incumbent carrier to negotiate lower hospital costs to match a less expensive carrier. Ms. Cofield stated that the City could use the repricing data as leverage and that they often see clients negotiate directly with hospital systems. Chair Salem asked whether Carrier #1 is an insurance entity or a hospital system. Ms. Cofield explained that they repriced claims against the major national carriers. Chair Salem asked whether the City could examine Carrier #1's specific inpatient discounts and use them to negotiate better pricing with Florida Blue. Mr. Bailey stated that it would likely not be possible because the discount information is proprietary. Chair Salem asked how frequently the City should conduct repricing analyses. Mr. Bailey recommended a five-year cycle for an organization the size of the City, noting that smaller organizations typically reprice every three years. Chair Salem asked when the City last put its health plan out to bid. Kim Taylor, Council Auditor's Office, stated 2022.

CM Arias asked why the City renews annually without reviewing the repricing data and why the analysis is only conducted every five years. Mr. Bailey stated that the City can conduct a market check annually. He elaborated on the various factors involved in evaluating the City's health plan, including utilization, discount arrangements, stop-loss coverage, network pricing, contract negotiations, and administrative costs. He noted that these components shift from year to year. Mr. Bailey concluded that the City could conduct an annual market check through its consultant. CM Arias asked when the next renewal period is. Mr. Bailey stated January 1. Chair Salem noted that the administrative fee is what the City pays Florida Blue to access its network. Mr. Bailey confirmed that the administrative fee covers claims adjudication and network access, and that the City pays a competitive fee for an account this size.

Ms. Cofield explained that the Innovu Network Check categorizes claims differently, breaking results out by HMO and PPO rather than by inpatient, outpatient, and professional services. Ms. Cofield recommended that the City maintain its ASO relationship with the current administrator and added that they will work with actuaries to project future claims costs using the incumbent's data and discount percentages.

CM Miller asked what the Bailey Group's recommendations would be if the City chooses to stay

with Florida Blue. Ms. Cofield stated that it would be prudent to examine utilization of inpatient care and evaluate the care management platforms used by Florida Blue. Chair Salem asked whose responsibility it is to inform and educate employees about better facilities or more cost-effective options. Ms. Cofield stated that it is a shared responsibility among Gallagher, Florida Blue, and the City's Human Resources department.

Chair Salem confirmed the rebate structure under the existing contract. Mr. Bailey noted that the per-member fee is \$29.71. Chair Salem suggested that it may be more cost-effective for the City to receive rebates on a more frequent basis, noting that the City could put those funds to use sooner. Mr. Bailey agreed.

CM Arias asked Mr. Bailey how much they get back in rebates. Mr. Bailey stated almost \$6.5 million from the 2024 year. CM Arias asked whether the City could receive rebates on a periodic basis rather than annually, and if not, whether the funds could be held in an interest-bearing account. Mr. Bailey stated that the rebates are not currently held in an interest-bearing account. He outlined several options available to the City, including negotiating rebates based on the type of prescription, negotiating guarantees to account for rising utilization and drug costs, and negotiating a minimum guaranteed rebate amount. He noted that the City cannot negotiate rebates upfront. CM Arias asked how the City would transition to a periodic rebate schedule. Mr. Bailey stated that the insurance committee would need to work with Gallagher to renegotiate the terms with Prime Therapeutics.

Mr. Bailey highlighted that the City's total pharmacy cost and specialty pharmacy cost per member per month both exceed the national average. He noted that the City's generic dispensing rate is lower than the national average and identified it as a near-term opportunity to reduce costs.

CM Arias asked Mr. Bailey whether the age demographics of the City's employee population compared to the national average could be a contributing factor. Mr. Bailey stated that he would investigate it for the next meeting. CM Arias asked how many members fall under the total cost and specialty cost categories and whether there is overlap between the two. Mr. Bailey stated that he would also investigate it for the next meeting. Chair Salem expressed concern that the City's generic dispensing rate is below the national average, stating that the City should not be paying for brand-name drugs when equally effective generic alternatives are available. Chair Salem asked whether the City's current contract includes a mail-order provision and whether it produces cost savings. Mr. Bailey confirmed that the contract includes one but stated that the cost savings are insignificant due to legislative changes. CM Arias asked whether the City could mandate generic prescriptions only, with members paying out of pocket for brand-name alternatives. Mr. Bailey stated that it would be the most aggressive option but noted that many accounts are implementing that approach.

Mr. Bailey highlighted diabetes as the highest-cost pharmacy class, driven by GLP-1 drugs, with inflammation drugs ranking second. He noted that there could be opportunities to implement stricter clinical criteria for GLP-1 prescriptions, including higher BMI thresholds and documentation of comorbidities, to ensure the drugs are being prescribed for diabetes treatment rather than weight loss. He also noted that biosimilars could serve as a cost-effective alternative to

more expensive biologic drugs for inflammation treatment.

Mr. Bailey highlighted that HIV medications are not classified as specialty drugs in the current contract and reclassifying them would provide approximately \$1.2 million more in rebates. Sherry Bugnet, Senior Account Executive, clarified that classifying the drugs as specialty drugs would make the drugs more costly for users while providing the city more in rebates. Mr. Bailey noted that the City's current contract does not include pricing guarantees for specialty limited distribution drugs and recommended implementing price controls. He noted that one specialty drug alone accounts for \$1.2 million in annual costs.

Mr. Bailey emphasized the potential savings of approximately \$800,000 through the SaveOn program and stated that they found very little cost difference in the ESI contract between including or excluding CVS pharmacies. Mr. Bailey noted three excluded drugs require more deliberate member transitions but emphasized that formulary alternatives are available. He outlined strategies to facilitate the transition, including proactive member communication and grandfathering provisions. Chair Salem emphasized the importance of identifying the affected members and proactively reaching out to them regarding the transition. Mr. Bailey added that the transition process begins 90 days before the effective date, with an additional 90-day grandfathering period for members to transition to alternative medications.

Chair Salem asked Mr. Bailey whether the \$4.2 million in savings quoted at the previous meeting included the HIV reclassification rebates and the other cost-saving measures presented. Mr. Bailey confirmed that those savings were included in the higher rebate figure. Ms. Bugnet noted that the prior analysis did not account for changes to copay structures or efforts to increase generic dispensing rates. Chair Salem noted that increasing the generic dispensing rate would produce additional savings beyond the \$4.2 million. Mr. Bailey confirmed.

Chair Salem asked whether the Bailey Group has been in communication with the administration regarding the health plan review. Mr. Bailey stated that they have provided the requested information and are awaiting feedback. Chair Salem confirmed with Mr. Bailey that the recommended timeline is 90 to 120 days' notice to implement changes, ensuring that all members are properly educated.

VI. Comments from Committee

CM Arias asked whether the committee should notify the administration that action is needed and that conversations must begin at least 120 days in advance to ensure changes are in place by January 1. CM Arias stated that the administration would need to respond prior to September 1 and noted that since the Special Committee on Duval DOGE concludes on June 30, ideally the committee should have an understanding before that date. Chair Salem agreed, noting that the timeline would be tight given that it would coincide with the budget process in late August.

Chair Salem confirmed with Mr. Bailey that the Bailey Group would return at the next meeting to discuss other people covered by the City's health plan. Mr. Bailey added that staff would coordinate with Gallagher to determine whether solutions have already been identified or implemented.

Ms. Bugnet outlined the Bailey Group's upcoming work, including reviewing the benefits-eligible population, working with actuaries to develop budget projections, and developing contribution strategies. She noted that they are scheduled to return on April 21.

Chair Salem stated that the April 7 meeting would focus on the Jacksonville Transportation Authority. Mary Staffopoulos, OGC, advised committee members to submit their JTA questions to her in advance to comply with the Sunshine Law. She noted that she would coordinate getting their questions to JTA.

VII. Adjourn

Chair Salem adjourned the meeting at 12:17 pm.

**Minutes: Steven Libby, Council Research
slibby@coj.net, (904) 255-5147
Posted: 3/20/26, 4:00 p.m.**